



THE ASSISTANT SECRETARY OF THE NAVY
Research Development and Acquisition
1600 Navy Pentagon
Washington DC 20350-1000

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MEMORANDUM FOR DISTRIBUTION

Subj: POLICY FOR COLLOCATION OF DEPARTMENT OF THE NAVY PROGRAM
MANAGEMENT TEAMS

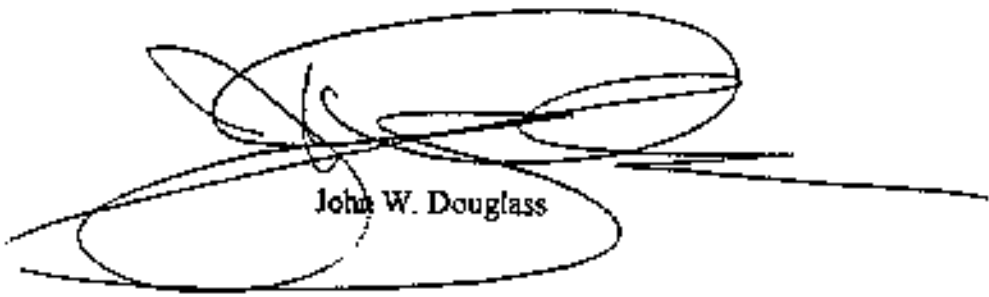
Encl: (1) DCMC Integrated Product Team Commitment

A fundamental tenet of Acquisition Reform is the use of Integrated Product Teams in the acquisition of major systems to better coordinate activities within programs and to reduce the overall cost of doing business. Integrated Product Teams are implemented in commercial and defense industry by integrating the functional elements of the organization and key suppliers and customers. Geographic collocation of these teams is a widespread practice. It is our policy to utilize geographic collocation with the prime contractor for management of major programs during critical program phases to the maximum extent practicable. Enclosure (1) is a DCMC commitment to fully support collocated Integrated Product Teams and to develop a Memorandum of Agreement between the local DCMC office and the collocated Integrated Product Team to clarify roles and responsibilities.

A decision on collocation should be made in concert with industry early in the development of the program acquisition strategy so that necessary planning can be factored into program documentation. While it is envisioned that collocation will be most appropriate for ACAT I programs, other ACAT programs should also consider the potential benefits of collocation.

Program Managers, in concert with their associated PEO and System Commanders, are responsible for determining the best distribution and phasing of total program resources to achieve the maximum benefits of collocation. The associated System Commands will assist Program Managers with programming the funds required to implement collocation assignments (deployment and return) and develop command-wide career paths to make such assignments an element of Command professional success.

As experience is gained with the use of collocated Integrated Product Teams, Program Managers are strongly encouraged to share lessons learned.

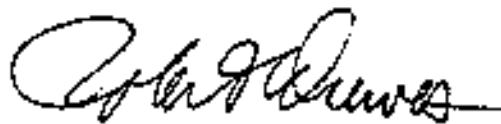


John W. Douglass

DCMC's Integrated Product Team (IPT) Commitment

DCMC is fully committed to support the Department of the Navy's policy to utilize geographic collocation with the prime contractor for management of major programs. Collocated IPTs will benefit the Department of the Navy and DCMC in obtaining quality weapon systems while reducing the overall cost of systems development and production.

Prior to establishing a collocated IPT, the program office and the local DCMC Commander will develop a Memorandum of Agreement to delineate the relationship between the local DCMC office and the collocated IPT. This will include a clarification of the roles and responsibilities of both parties.



ROBERT W. DREWES
Major General, USAF
Commander

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PROGRAM MANAGEMENT TEAMS

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